

In Indonesia ~~SECRET~~ *we are faced with*
~~SECURITY INFORMATION~~
many PROBABLE PRO-COMMUNIST ACTIVITIES OF NEW INDONESIAN CABINET *such as:*

1. Gradual replacement of moderate and anti-Communist officers in armed forces and police by extreme nationalists and pro-Communists, ~~is anti-~~
~~ipated.~~

2. Replacements and infiltration in ministerial staffs ^{*which*} have already begun.

^{*Postponement of*}
3. National elections, previously the chief hope for countering Communist
^{*The elections*}
strength, ^{*the*} have been further postponed by new government which is ex-
^{*the*}
pected to use additional time to infiltrate electoral apparatus and
thus control the elections. ~~SECRET~~

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4. Government support of Communist labor movement ^{which} ~~is very likely~~. Prime

Minister has suggested that only one union have bargaining rights in

each industry, ^a development which would directly aid ^{the} program of SOBSI,

^{the} Communist labor federation and the largest ^{union} in Indonesia.

5. Communist-influenced dissidence, ^{which} in spite of government statements,

~~may be ignored and~~ thus far has been ^{ignored} + may continue to be.

6. Restrictions upon foreign investment, in addition to encouragement of

labor difficulties, ^{which} are likely and will further retard ^{the} nation's economic

recovery.

(Indonesia)

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7. Nationalization of Dutch oil wells in North Sumatra has been hinted. *which*

(Indonesia)

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1 min 15 sec

(Philippines)

In the Philippines, the present campaign for the November presidential and senatorial elections is becoming increasingly heated. There are numerous indications that the Liberal Party is preparing to use ^{*all the*} fraud ^{*it can get by with.*} and force. Considerable evidence exists that Liberal leaders are seeking to obtain a Huk "surrender" by offering easy terms. They believe such a settlement would greatly enhance their election prospects. The American embassy, on the other hand, is deeply concerned that such a

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SECURITY INFORMATION

development would provide the Huks an opportunity to further their current infiltration tactics. This would be a serious threat to Philippine security.

President Quirino is reliably reported to be on the verge of appointing a notoriously corrupt political general to the post of secretary of defense. This officer was Armed Forces chief of staff in 1949 and used the Army to support Quirino in the fraudulent elections that year. Finally, there is the possibility that Liberal leaders will resort to extreme

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(Philippines)

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measures to prevent Vice President Lopez, now running for the Senate on the anti-administration Magsaysay ticket, from succeeding to the presidency should the gravely-ill Quirino die before November. *Because* ~~Should~~ the *are apt to* November elections *take* place in an atmosphere of fraud and violence, *is going to be a* Magsaysay's fight for election ~~will be made~~ very difficult *one*.

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(Philippines)

(Thailand)

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40 seconds

Thailand police have arrested fourteen persons, including the air force chief of staff, on charges of plotting to overthrow the government in connivance with Vietnamese Communists.

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There has been no further evidence indicating that such a development is imminent. Should it occur, the prospects are that the ruling military

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clique would seek to dominate a regency that would rule for the king's infant son. These events are not expected to jeopardize Thailand's security.

(Thailand)

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Security Information
DEVELOPMENTS IN INDOCHINA

2 MIN 20 Sec.

There has been no improvement in the Indochina picture, except the promise of more efficient military leadership by the new commander, General Navarre. The French are still uncertain regarding the next Viet Minh objectives. They know, however, that the Viet Minh will attack, as it has every year, with the end of the rainy season in late September.

They believe that decreased enemy supply operations in the direction of Laos point to a Viet Minh concentration on the Tonkin delta. There

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(Indochina)

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Security Information

than that
is no more reliable evidence available indicating the enemy's planned strategy. The Viet Minh could probably overrun the delta if it is prepared to face the enormous losses which such an effort would entail.

Current Moscow and Peiping propaganda has hinted at an armistice in Indochina. This is probably more an attempt to promote defeatism in France -- where there is strong pressure for some solution to the Indochina problem -- than an approach which the Communists expect would be seriously considered by the French at this time. The Communists are

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probably hoping at least to weaken the French military effort against the Viet Minh.

The French confirm their acceptance of General Navarre's plan to move to the offensive, subject to a firm American commitment of approximately \$400 million in extra aid. However, a 1 September report from Saigon indicates that the French command in Indochina has postponed the offensive it planned to undertake on 15 September and may limit itself this fall to countering Viet Minh offensives. It must be emphasized that Viet Minh infiltration of the Tonkin delta is now so heavy that

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almost all French forces are needed there for security duties.

On the political front, future French-Associated States relations will be largely determined by the outcome of French-Cambodian negotiations now taking place. It appears that after more than two months of frequently bitter negotiations the French have made substantial concessions to Cambodian demands and are on the verge of making still more. The outcome of these talks will set a precedent which a Vietnamese delegation, now in Paris, will exploit in negotiating for complete independence.

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(Indochina)

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Reported Vietnam demands are so far-reaching that they might, if the French suffer severe military reverses this fall and winter, cause *more than ever,* Paris seriously to consider the desirability of withdrawing from Indochina.

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(Indochina)